

## Message Text

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46

ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 AID-05 IGA-01 L-02 EB-07

TRSE-00 SAM-01 PER-01 CPR-01 AF-06 PRS-01 CIAE-00

INR-07 NSAE-00 RSC-01 INRE-00 SS-15 NSC-05 SP-02 /068 W

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O 111213Z JAN 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 1409

C O N F I D E N T I A L LISBON 153

E.O. 11652: GDS

TAGS: PFOR, EAID, PO

SUBJ: SUBSTANTIVE DISCUSSION OF AID TO PORTUGAL AT  
PRESENTATION OF CREDENTIALS BY AMB. CARLUCCI

REF: STATE 3619

1. DCM MET JAN. 10 WITH FONOFF ACTING CHIEF OF PROTOCOL BRITO E CUNHA TO DISCUSS REFTTEL. (REST OF TOP ECHELON OF FONOFF AND PRESIDENTIAL STAFF ARE ALL AT ANGOLA SUMMIT IN SOUTHERN PORTUGAL. DCM EXPECTS SEE ACTING FOREIGN MINISTER JORGE CAMPINOS AND PRESIDENTIAL CHIEF OF STAFF FERREIRA DA CUNHA ON MONDAY, IF PRESIDENT RETURNS FROM ANGOLA SUMMIT MEETING BY THEN.)

2. BRITO E CUNHA TOLD US THAT IF AMBASSADOR CARLUCCI ARRIVES ON JAN. 17 HE PROBABLY WOULD NOT GET MASS MEDIA COVERAGE BECAUSE OF ARRIVAL 30 MINUTES EARLIER OF POLISH CP LEADER GIEREK. HE DID NOT ASK, HOWEVER, THAT AMBASSADOR ALTER PLANNED ARRIVAL. DCM NOTED THAT MODEST, APPROPRIATE CEREMONY WOULD BE ALL RIGHT. (COMMENT: EMBASSY BELIEVES THAT LOW-KEY ARRIVAL WOULD BE DESIRABLE. BRITO'S COMMENTS NOTWITHSTANDING WE EXPECT HIGH MEDIA INTEREST IN AMBASSADOR'S ARRIVAL.)

3. RE CREDENTIALS PRESENTATION, BRITO SAID HE UNDERSTOOD NEED FOR EARLY DATE AND WOULD DO HIS BEST. HE NOTED THAT CZECH AND  
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AUSTRIAN ARE CURRENTLY IN LINE. DCM WILL ALSO RAISE THIS WITH

FERREIRA DA CUNHA.

4. WE EXPECT TO GET AUTHORITATIVE ANSWER FROM FERREIRA DA CUNHA ON MATTER OF HOLDING SUBSTANTIVE AID DISCUSSIONS WITH PRESIDENT DURING CREDENTIALS CEREMONY AND ON QUESTION OF THE AID ANNOUNCEMENT. DEPT WILL RECALL THAT FERREIRA DA CUNHA HANDLED DEC. 13 ANNOUNCEMENT OF US AID PROGRAM.

5. DISCUSSION OF AID EXAMPLES (PARA 3 REFTEL) WITH GOP ECONOMIC OFFICIALS HAS PRODUCED POSITIVE RESPONSES. HIGHEST ECONOMIC OFFICIAL APPROACHED WAS MINISTER OF FINANCE SILVA LOPES, WHO IN PRINCIPLE THOUGHT ALL SUGGESTIONS WERE WORTHY OF CONSIDERATION. HE WAS PARTICULARLY ATTRACTED BY TRANSPORTATION AND AGRICULTURE PROPOSALS BUT DID NOT RULE OUT GOP INTEREST IN SOCIAL SECURITY AND UNEMPLOYMENT INSURANCE POSSIBILITIES. HE AGAIN AFFIRMED GOP'S FAVORABLE REACTION TO HOUSING LOAN OFFER AND WELCOMED JANUARY ARRIVAL OF AID'S H.I.G. TEAM.

6. SILVA LOPES USED OPPORTUNITY TO REQUEST MORE INFORMATION ABOUT AID TO PORTUGAL PROVIDED FOR IN FY 75 FOREIGN ASSISTANCE ACT (FAA). HE WANTS TO KNOW WHAT LOAN TERMS LIKELY TO BE AND WHAT LIMITATIONS MIGHT APPLY (E.G., WOULD USES OF LOANS AND GRANTS BE RESTRICTED TO CERTAIN ITEMS AND WOULD THEY BE TIED TO U.S. GOODS AND SERVICES?).

7. WE ALSO DISCUSSED AID SUGGESTIONS WITH DR. VITOR CONSTANCIO, SECRETARY OF STATE FOR PLANNING, THE GOP OFFICIAL CHARGED WITH COORDINATION OF FOREIGN ASSISTANCE OFFERS. CONSTANCIO ECHOED SILVA LOPES' ENTHUSIASM FOR TRANSPORTATION AND AGRICULTURE SUGGESTIONS BUT WAS MORE RETICENT REGARDING SOCIAL SECURITY AND UNEMPLOYMENT INSURANCE. HE NOTED THAT OFFERS IN THESE FIELDS WERE BEING MADE BY SCANDINAVIAN COUNTRIES AND THOUGHT THAT IN POLITICAL TERMS GOP MIGHT FIND IT LESS CONTROVERSIAL TO ACCEPT ASSISTANCE OF THIS KIND FROM THEM THAN FROM U.S. HE ALSO EXPRESSED DOUBTS ABOUT OFFER OF TWO MOBILE HEALTH UNITS ON GROUNDS THIS TOO POINTED AN INDICATION THAT PORTUGAL IS A BACKWARD COUNTRY. CONSTANCIO, LIKE SILVA LOPES, ASKED FOR MORE DETAILS ABOUT FAA LOANS AND GRANTS AND SPECIFICALLY RAISED ISSUE OF TYING.

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8. COMMENT: ABOVE REACTIONS TO PROPOSALS ARE STILL THOSE OF INDIVIDUALS AND NOT GOP. SILVA LOPES AND CONSTANCIO, HOWEVER, ARE THE MOST IMPORTANT GOP OFFICIALS CONCERNED WITH AID PLANNING AND COORDINATION AND THEIR VIEWS CARRY CONSIDERABLE WEIGHT. ALL THREE OFFICIALS APPROACHED WERE PLEASED WITH FACT THAT WE ARE MAKING EFFORTS TO TRANSLATE OUR ASSISTANCE OFFER INTO CONCRETE PROPOSALS.

SCOTT

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